

E-PROCUREMENT AN EMERGING SUPPLY-CHAIN MANAGEMENT SYSTEM IN THE HOSPITALITY INDUSTRY: PERSPECTIVES OF HOTELIERS IN THE KUMASI METROPOLIS

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ABSTRACT

As the hotel industry grows into a more technology-oriented industry, the need to understand and adopt e-procurement practices becomes more important. This research explores the adoption of e-procurement by the hotels in the Kumasi metropolis, focusing more on hoteliers' perception of the concept of e-procurement and its importance to the hotel industry. The data was collected through survey from eleven selected hotels in Kumasi Metropolis.

Results indicated that hoteliers are using e-procurement but not with the internet but through telephone. Benefits derived from the implementation of e-procurement are quality of goods and services, saving time and cost. However some costs which include buying and fixing of technical equipments, consultation fees for service providers, training of existing staff and recruitment of new staff will incur incorporating e-procurement. It was recommended that hoteliers need to ensure the needed systems and tools are in place for the operationalization of e-procurement.

Keywords: *E-procurement, Hoteliers, Management, Consortium, Supply, Technology*

1.1 Background of the study

From the global arena, both private and public businesses and organizations are driven to adopt and/or adapt the high-tech strategy in their operations in order to remain competitive, highly efficient and reduce cost of operations. These technological driven strategies are also applicable in the hospitality industry. For instance in the hotel industry, purchases are often done in large quantity of goods and services and this makes procurement a very important entity in this industry. In order to meet this challenging global trend, maintain operations and provide quality services to both internal and external clients, the procurement systems have to adopt and apply information technology (IT).

Experts believe the hospitality goal is to move the entire procurement process online thus bringing operators together with their chosen distributors and enabling a streamlined and automated flow of the purchasing cycle (Hearn and Gibbons 2001: 3, 5). These have resulted in the emergence of E-procurement, a concept defined simply as the using of technology to facilitate corporate buying through the internet. This makes the hotel industry in particular a good service area to adopt e-procurement practice due to its complex purchasing procedures required to deal with large quantity and various quality purchases of consumables on a regular basis. (Ivanovska undated). E-procurement has become the key to valuable data for better and more intelligent hospitality management. Its application provides a mechanism that quickly and effectively linked hospitality operations and suppliers via the internet and both sides can provide and access data that allows them to monitor costs, consumption rates, inventory tracking, pricing and menu planning to increase profitability.

E-Procurement benefits also include lower administration costs, inventories and purchasing prices; shorter lead time; enhanced cooperation with suppliers, performance and multi-chain operations (Croom, 2000; Sigala, 2003).

The situation in Ghana contrasts with what prevails in Asia where Kim et al. (2006: 890 – 900) asserted that e-commerce has expanded throughout the hotel industry regardless of hotel size or management style. Since private sector role in e-procurement is limited this study wants to explore the adoption of e-procurement in the hospitality industry.

1.2 Problem statement

The hospitality industries in Ghana, with their different star rating systems (i.e. five star hotels, four star hotels etc.) are striving to stay in business and also make profits in the midst of competitive environs. In order to meet up with these challenges, some hoteliers have taken the opportunity to implement e-procurement which has positive impact on i) reducing their order processing cost and lead times, ii) improving communication to other application systems internally and externally, and iii) saving cost which eliminate waste in the industry. Despite its importance, a review of literature on the adoption of e-procurement revealed that virtually not much academic research has been conducted to investigate the application of e-procurement in the hospitality supply chain management (SCM) in Ghana and specifically in the Kumasi Metropolis. It is against this background that this study explores the adoption of E-Procurement system in selected hotels in the Kumasi Metropolis. It examines the hoteliers' views about e-procurement and its adoption; identify perceived costs and benefits of e-procurement and the strategic role of information technology in e-procurement.

1.3. Purpose of the study

The overall research objective is to explore the adoption of e-Procurement system in eleven (11) selected hotels in the Kumasi Metropolis.

From this broad objective, the following specific objectives are derived to:

1. Understand hoteliers' perception of the concept of e-procurement and its importance to the hotel industry
2. Identify e-procurement strategy and the resources operational in the hotel industry;
3. Assess how hoteliers perceive the costs and benefits of e-procurement in the hotel industry;
4. Identify the challenges and opportunities associated with the implementation of e-procurement.

1.4 Research Questions

From the above objectives the following questions emerge:

1. How do hoteliers' perceive the concept of e-procurement and its importance to the hotel industry?
2. What strategies and resources do hoteliers use to perform e-procurement strategy in the hotel industry?
3. How do hoteliers perceive the costs and benefits of e-procurement in the hotel industry?
4. What challenges and opportunities are associated with the implementation of e-procurement in the selected hotels?
5. What strategies do hoteliers perceive are needed for successful implementation of e-procurement in the hotel industry?

1.5 Research Methodology

This study used a survey research design approach and questionnaires were utilized as the means to obtain data. These research questionnaires were designed based on the questions designed by Kothari et al. (2005) with slight modifications to guide the researcher get in-depth information from participants. The data collection instrument used is the administering of questionnaires. A questionnaire is a list of research or survey questions asked to respondents and designed to gathering information from respondents or extract specific information. (www.BusinesDictionary.com). The data was collected within a period of one month. The data collected was analyzed using Statistical Package for Social Sciences (SPSS version 16.0). Analyzing data generally comprises of examining, categorizing, and tabulating the evidence to address the objectives of study. The main reason for analyzing data is to treat the evidence fairly in order to generate good analytical conclusions and to rule out alternative interpretations

This research is based on the hospitality industry, with specific emphasis on hotels in the Kumasi metropolis. The data employed in this study were drawn from the hoteliers in Kumasi metropolis responding to variety of questions. This aims to address the gap in the adoption and implementation of e-procurement in the hospitality supply chain management in Ghana and specifically the Kumasi metropolis. The selection of the Kumasi Metropolis as the study site was because of its convenience to the researcher to facilitate easy questionnaire distribution and personal interviews. The number of hotels listed on the Google web page address of www.ghanayp.com/category/hotels/city:kumasi indicated that there are One Hundred and Fifty Seven (157) hotels, lodges and guest houses in Kumasi. Out of this only fifteen (15) of them were operating with active website, fax and telephone services. Twenty nine (29) questionnaires were then administered to fourteen (14) of them with these facilities, one of the hotels specifically indicated that they were not interested, two did not respond though they collected the questionnaires and eleven (11) hotels responded with twenty two (22) answered questionnaires received.

1.6 Limitation

Although this research adds up to the body of knowledge on the adoption of e-procurement in the hotel industry, it had some limitations. First, the sample could have posed a limitation. The study sampled eleven hotels out of fifteen found with active website, fax and telephone services in the Kumasi metropolis. It could be that if hotels outside the Kumasi metropolis were added, more hotels with these facilities could have been part of the survey. Despite these limitations, the study offered important information.

LITERATURE REVIEW

2.1 Concept definitions

This study is influenced by key concepts such as:

E-procurement: is the electronic management of all procurement activities. To begin with the buyer has to log into an application system on the computer and send information to the supplier. This process concludes when goods are supplied and the invoice issued for the goods are paid for. This includes the user's requisition, placing order, transportation, warehousing, and in-bound receiving processes (Presutti 2003: 219-226).

Procurement management:

refers to the coordination of all activities pertaining to purchasing goods and services necessary to accomplish the mission of an enterprise (Archer and Yuan 2000: 385-395).

Supply chain management (SCM):

encompasses the organization and handling of all procurement and sourcing activities, conversion plus all inbound and outbound processes. This includes communication and cooperation with vendors, agents, outsourcing companies, and clients (Stock and Lambert 2001). In order to link e-procurement to supply chain management (SCM) there is the need to first define supply chain management. This study adopts the definition given by the Council for Supply Chain Management Professionals (CSCMP 2005) will be adopted. SCM encompasses the planning and management of all activities involved in sourcing and procurement, conversion and all logistics management activities. A complete e-Commerce model for SCM combines both the front end and back end systems as shown in Fig. 1.0

Based on the figure 1.0, Nurmilaakso (2008) explains SCM in the hotel industry as a bidirectional flow of information, materials, services and money between the original suppliers and final customers. This internal and external transaction involves the hotel suppliers, the hotel and the hotel customers.

Hospitality industry:

is made up of a broad category of areas within the service industry. This comprises of the lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional areas within the tourism industry. The lodging aspect in the hospitality industry seem to be the most crucial part since most of the other service if not all are in one way or the other provided by most standard hotels. (Pricewater Coopers 2006)

Hotel:

is a commercial establishment providing lodging, meals and other guest services. In general to be called a hotel, an establishment must have a minimum of six letting bedrooms, at least three of the letting bedrooms must have attached private bathroom facilities. (www.BusinessDictionary.com).

2.2 Procurement Concept and E-procurement System

Concept of procurement

Procurement management refers to the coordination of all activities pertaining to purchasing goods and services necessary to accomplish the mission of an enterprise (Ivanovska undated). Purchasing life cycle for a product or service involves seven stages of purchasing activities that include i) information gathering about the product required, ii) supplier contact, iii) background review of supplier, iv) negotiation with selected supplier, v) fulfillment of contract or delivery of goods vi) usage, repair and vii) dispose off and re-introducing a product (Archer and Yuan, 2000). The main aim of the hotels purchasing management system is the efficient application of information technology to its purchasing process. The transformation from the manual purchasing process to the electronic purchasing process via internet, brings about significant improvement in productivity, cost saving and efficient operational activities (Ivanovska, undated).

2.3 Evolution of E-procurement

Transactions conducted between businesses on the web are often called business-to-business or (B2B). Businesses often have an entire department devoted to purchase the materials it uses and negotiate purchase transactions with their suppliers on the web. These departments are usually named supply management or procurement. Thus, B2B electronic commerce is sometimes called e-procurement. (Schneider 2007: 5)

Between the years of 1995 to 2000 there has been the evolvement of B2B e-marketplaces where there exist buyers to sellers interacting with each other. Electronic Data Interchange (EDI) network was introduced in the year 1995/6 this was expensive with limited access expansion difficulties. In the year 1996/7 saw the introduction of catalogues for publicizing products and services via internet whereas the physical selling process was done offline. The mushrooming of B2B e-commerce took place in 1998/9 where buyers and sellers multiplied on the e-marketplace. 2000/1 is realizing interconnection of e-marketplace groups who are networked or connected to other e-marketplaces (Thomson 2001).

Integrated SCM has generated much interest dating back to the 1960s for example Forrester (1961) because actions taken by one member in the supply chain can influence the profitability of all other members. However, the lack of ICT hindered the implementation of a more “systems-oriented” approach. Inter-organizational systems (IOS) such as electronic data interchange (EDI) have been used since the 1970s to link one or more organizations to their suppliers or customers through private value-added networks

The advent of more advanced ICT, most notably the Internet, offers the potential to move beyond the limited EDI transaction sets to automate the data flows across the supply chain, thus making a contribution to a more multilateral information exchange and the fostering of market-based exchanges in all transaction phases. Overall, e-business solutions in general are seeking to enhance supply chain effectiveness and efficiency through the automation of business processes (Wagner and Sweeney 2010).

2.3.4 Implementation of E-procurement Initiatives

Worldwide e-procurement initiatives have been undertaken in the public sector on a large scale (Henriksen and Mahnke, 2005; Somasundaram and Damsgaard, 2005; Mota and Filho, 2011). These efforts, however, have been associated with varying levels of success (Bof and Previtali, 2007). The implementation of technology in the public sector is seldom simple and has to be framed within the ambiguous and continuously transforming constrains of administrative and political prerogatives (Fountain, 2001). In the case of public procurement, given that the process already exhibits high levels of complexity (Leukel and Maniatopoulos 2005) substantive policy choices become even more challenging (Henriksen and Mahnke, 2005). Certain adoption and barriers might be common to most environments; studies in Italy by Bof and Previtali, (2007), Brazil by Mota and Filho, (2011), Australia, New Zealand and Scotland by Hardy and Williams (2008) have all suggested similar issues in achieving coordinated public procurement transformation.

2.4 E-procurement Practices

E-Procurement is the electronic management of all procurement activities. To begin with the buyer has to log into an application system on the computer and send information to the supplier. This process ends when goods are supplied and the invoice issued for the goods are paid for. According to Nevalainen, (2003: 61) e-procurement practice has more advantages when compared with the paper-based system. Some of the advantages are that; all the staff in the organization can take part in the procurement process due to ease-of-use; self-service on the Internet, a considerable reduction in the cost of processing an order, shorter lead times, faster products and services delivery due to efficiency. A company's e-procurement system can communicate to other application systems and do away with paper, such that the procurement function becomes focused and an important area for cost-saving and also limiting maverick buying practices. The primary focus of a company's e-procurement strategy is to better manage its operational costs. Every year billions of dollars go into the drain due to inefficient procurement practices. The impact of e-procurement on a hotels operation is large enough to make a difference, especially when it is compared with the income generating activities. The e-procurement process involves agreement on contract prices with vendors which are stored electronically in the buyer's internal catalogue/ databases. An illustration of the e-procurement process is presented in Figure 2.0 (Kothari et al 2004: 6).

2.5 Benefits and implementation issues of e-procurement

The benefits of e-procurement involves reduction of prices, reduced process lead times, administrative costs reduction, procure more effectively and efficiently, improved audit control, ensure proper authority of purchasing, improved management of inventory, operational cost reduction and reduced costs of inventory, unit cost of negotiated products will be reduced and decision making process will be improved (Hawking and Stein 2002).

Chan et al (2006) indicated in their findings five perceived and experienced benefits of e-procurement in some selected hospitals in Australia;

- (a) The level of demand can be clearly seen. The use of e-procurement system enabled supply managers in the hospital to readily know the quantity of stock being used weekly. The electronic system also generates demand forecasts based on earlier records, thus improving the clarity and accuracy of demand.
- (b) Procurement processes are reduced. It was found that the hospitals they studied did not experience reduced procurement processes due to the fact that genuine e-procurement system were not practiced.
- (c) Wastage was drastically reduced. The hospitals e-procurement system allowed it to reduce wastage and this helped improve the hospitals activities.
- (d) Reduction in price. The initial price agreement was stacked to so new contract prices did not come up for renegotiated between buying managers of the hospital and suppliers. It's likely that reduction of prices might have been realized as the catalyst for the implementation of the e-procurement project but it did not work out for each of the hospitals studied.
- (e) Cost of Administration and Inventory Management. It was found that the hospitals experienced a reduction in inventory management and administration costs.

2.6 Concerns and Challenges of E-procurement

Curiously, implementation of e-procurement initiatives has turned out to be much more problematic and challenging than expected (Arbin, 2003; Croom and Johnston 2003). In fact research has shown that implementing e-procurement will not automatically lead to higher levels of efficiency or contract and system compliance (Brandon- Jones and Carey 2010). Moreover, given the relative short history of e-procurement initiatives in the public sector, reliable performance and outcome measurements have yet to be developed – thus, practitioners have to learn “on the fly.” In an attempt to address some of these concerns Varney (2011) noted that a “common procurement vocabulary” is vital to the ultimate success of e-procurement in achieving increased structural effectiveness through integrating procurement systems across jurisdictions. For instance, in the case of the European procurement system, there is limited integration or interoperability among the procurement frames (Varney 2011).

McCue and Roman (2012: 212-238) indicated that the major reasons for dissatisfaction, low implementation rates and low probability of future e-procurement initiatives rests on the cost of implementing such software (relative to risk) and their inability to “locate” a suitable system that addresses their primary needs. Private developers simply are not (yet) providing software that would be appropriate for the heterogeneous demands in the public sector. It might be the case that at present the procurement process has to adapt to the software rather than that the software fit within the boundaries of the procurement process.

2.7 Factors facilitating or undermining E-procurement

This study by Kothari et al. (2007) emphasizes on some of the issues confronting the procurement system in the hotel. Some of the issues were variations in the items procured, the items supplied and the cost involved. There are times the hotels pay different prices for similar items bought from the same supplier. This could simply mean that there are lapses in the trend and flow of communication between the hotels staff in charge of procurement and the suppliers of those commodities and this increases operational costs of the hotel.

The study again stipulated that data recording and reporting are inconsistent so the hotel is not able to forecast the amount of businesses available at a point in time. Another challenge facing the hotel managers had to do with lack of standardization of purchasing products and this happen as a result of some products not having similar units of measurements.

2.8 Hospitality adoption of e-procurement system

E-Procurement is a good example of the innovative use of technology in the lodging industry. It enables businesses to share information from many sources, such as their internal and external customers, financial institutions and suppliers. It simplifies the mechanics of the order process and reduces infrastructure and transaction costs.

However, the degree to which information technology is applied within the hospitality industry in Ghana is somewhat slow, nonexistence or ambiguous as compared to its implementation in the manufacturing industries. Siguaw et al. (2000: 22) suggested that the hospitality industry lags behind other industries in the implementation of new information technology. Better communication in operational activities, identification of suppliers and greater control of resources are some of the benefits that e-Procurement brings. It will therefore be prudent for the hospitality industries to focus on this technology deployment to maintain competitive advantage. A typical e-procurement system as defined by Chan et al. (2006) can be seen in the figure below

When supplier receives the purchase order he logs into a computer application which transports it to the warehouse where the product selected are selected and transported to the hotel. On the other hand some hotels may choose to pick the products from the suppliers end. This requires coordination and management of the supply chain in order to create and deliver customer values for the hotel's profitability.

RESULTS AND DISCUSSION

3.0 Profile of the studied hotels

Among the eleven hotels visited, none was a five or zero star, but range from four star rating to one star. Only Golden Tulip Kumasi City is a four star hotel. The three star hotels are Noda Hotel, Sir Max Hotel, Hotel Georgia and Royal Basin Hotel. Mckeown Hotel, Sports Hotel, Treasure land Hotel, and Crystal Rose Hotel are two star rating whiles Sanbra Hotel and Maple- wood Hotel are one star. These categorizations are in line with hotels rating on a scale of 1 to 5 stars worldwide, with one (1) being poor and five (5) being superior. Hotel ratings are based on commonly agreed-on values like comfortable beds, safe parking, and excellent customer service.

All respondents (100%) of the hotels interviewed indicated an understanding of e-procurement. According to the respondents, this involves using either the internet or the telephone to buy from suppliers. Twenty-three percent of hoteliers have the perception that implementing e-procurement only involves using the internet to buy items whereas 14% holds the view that using the telephone to buy or order items from the supplier is what e-procurement is about. However, more than half (63%) have the understanding that both the internet and the telephone can be used in the practice of e-procurement.

More than half (59%) of hoteliers perceived that their hotels do not have a designed software to generate orders. However, 36% of the respondents indicated the use of designed software but are not connected to the supplier. For these respondents, their purchase orders are printed and sent to the suppliers. This contradicts Sigauw et al. (2000) findings that the hospitality industry is second to other industries in the implementation of new information technology and in particular e-procurement. A study by Wyld (2004) reported that about fifty percent of all companies in the Americas have resorted to the use of e-Procurement systems, yet e-Procurement has now begun to receive some attention in the hotel industry. It can be concluded that the degree to which information technology that is the internet is applied within the hotel industry in the Kumasi metropolis to facilitate procurement of products is slow, non-existence or ambiguous as compared to its implementation in the manufacturing industries. The system has also not been accepted by suppliers of the hotels. This information is peculiar to all the various star rating hotels. In the practice of e-procurement, designed software is generated by the buyer and transmitted automatically to the supplier. If the suppliers are to be using e-procurement, the order could be easily transferred to the warehouse for the picking of items. This will reduce the purchasing cycle, reduce cost and save time.

Twenty seven percent of hoteliers responded that their e-procurement system is integrated with the suppliers' procurement system. For 23%, their e-procurement does not integrate with the suppliers' procurement system.

Forty-one percent of hoteliers interviewed indicated that some of their suppliers use electronic means to respond to their purchase orders. On the other hand, 9% indicated that none of their suppliers use electronic means to respond to their purchase orders as shown in Table 4.3.

Nine percent of the respondents constitute those who have used e-procurement between 1-2 years. Fourteen percent of them responded that their hotel has been using e-procurement between 2-4 years whiles 36% have been using it for more than 4 years. However 41% of hoteliers indicated that they are not engaged in e-procurement.

More than half (59%) of hoteliers mentioned various benefits of e-procurement such as i) easier and faster purchases saving cost and time and energy, ii) easy access to retrieve information from suppliers, iii) quick response from suppliers, iv) enhancing easy work flow, v) ensures effectiveness in running the hotel, vi) faster transaction, vii) facilitates easy transaction to clients, viii) quick delivery, providing quality at competitive prices and ix) reducing cost of sourcing for suppliers.

However 41% of hoteliers indicated that they are not engaged in e-procurement. Different reasons are given ranging from i) high investment cost, ii) the hotel is still in a growth stage, iii) ignorance of suppliers, iv) internal challenges experienced by managers, v) suppliers' educational levels are low, vi) suppliers are not internet connected, vii) suppliers are not trust worthy, viii) suppliers do not have systems to support e-procurement, ix) suppliers do not use e-procurement system so they do not transact business electronically, and x) finally the existence of fake goods on the internet. The direction of answers from respondents mainly focuses on the supplier.

3.3 The costs, benefits and challenges of implementing e-procurement in the hotel industry

3.3.1 The costs hoteliers will incur in implementing e-procurement

Thirteen percent (13%) of hoteliers revealed that buying and fixing of technical equipment were the costs the hotel incurred in the process of transforming to e-procurement. Five percent (5%) of the respondents indicated consultation fees as the cost whiles eighteen percent (18%) said training of staff and recruitment of new staff were the costs incurred. Five percent (5%) respectively said that a combination of buying and fixing of technical equipment and consultation fees for service providers; buying and fixing of technical equipment, consultation fees for service providers and recruitment of new staff as the cost incurred in the transformation to e-procurement process. Furthermore, nine percent (9%) agreed that buying and fixing of technical equipment and training of staff will be the cost to incur and the same percentage (9%) indicated that buying and fixing of technical equipment, consultation fees for service providers, training of existing staff and recruitment of new staff were the cost incurred in the transformation process. Whereas twenty three percent (23%) of the respondents indicated that buying and fixing of technical equipment, consultation fees for service providers and training of existing staff were the costs incurred in the transformation process to e-procurement.

3.4 How challenging it will be for hoteliers incorporating e-procurement

When asked how challenging it will be for hoteliers to incorporate e-procurement in their organisational culture, twenty-seven percent responded that it will not be challenging at all. On the other hand 32% indicated they are not certain whether it will be challenging or not. Moreover, 23% said it will probably be challenging whiles 13% indicated that it will be very challenging incorporating e-procurement in their organisational culture.

3.5 Respondents indicated specific challenges incorporating e-procurement

Respondents in the hotels interviewed agree that there are challenges in incorporating e-procurement in their organisational culture. Sixty-four percent of the respondents (64%) mentioned various challenges including i) cost of service providers and training costs of staff, ii) networking problems, iii) delay in delivery, iv) damaged items cannot be returned, v) employee reluctance and resistance to change, vi) delivery of damaged goods and non-delivery of items purchased from online suppliers, vii) internet access, viii) power fluctuation, ix) quality of goods are not assured, x) internet reliability, xi) means of transporting goods bought online and xii) suppliers not connected to the internet.

However, despite the numerous challenges given by respondents as indicated in the preceding paragraph, and the benefits mentioned earlier in section 4.3.3, almost all (91%) of hoteliers perceive the future of e-procurement to be bright and promising due to i) globalization, ii) improving service delivery, iii) good and easy access to information, iv) will bring about growth among hotels, v) time saving, vi) quite encouraging, vii) reducing lead time and administrative cost, viii) it will be very successful and will bring improvement in the hotel industry, ix) it will also create good environment to facilitate the duties of the hotel and will finally ex) enhance future growth. In a similar development, less than 9% of hoteliers perceived the future of e-procurement as not promising. Their reason is that hoteliers will not accept since supplier cannot be seen and it can also be risky but yet provide ready market for products.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

4.0 Summary of Finding

From the perception of the respondents, hoteliers practice e-procurement mostly through the telephone to buy or order products from their suppliers. Some of the benefits mentioned are cost and time saving. Even though the internet is the medium through which e-procurement is practiced worldwide, the unstable electricity and the cost of acquiring systems, tools, recruitment of staff and insecurity are some of the issues that prevent hoteliers to use internet for the e-procurement practice according to the respondents. Hoteliers responded that buying and fixing of technical equipment, consultation fees for service providers and training of existing staff will be the costs they will incur in the process of transformation to e-procurement. Some of the benefits mentioned include accessing and retrieving of information from their suppliers; it saves time and reduces cost, the provision of quality service and competitive pricing.

The respondents envisage challenges incorporating e-procurement in their organizational culture. Some of which include employee resistance to change, training of staff, networking, system failure, delay in adaptation to change and delivery period. Others include difficulty in accessing internet in the future, obtaining quality of goods and transportation, lack of trust and reliability.

5.0 Conclusion

It can be concluded that e-procurement has a bright future for the hotels in Ghana as a whole and for the purpose of this study the Kumasi metropolis. Hoteliers have an understanding of the concept and could envisage its importance and benefits to the hotel industry when implemented. However they are slow and been careful in the implementation of e-procurement in the hotel industry due to the above mentioned costs and challenges.

6.0 Recommendations

Based on the findings of this study, the following recommendations have been made to encourage hoteliers to incorporate or adapt e-procurement in their operations.

- Management of the hotel will first have understanding and accept e-procurement as a means of transaction but need to ensure the systems and tools are in place for the practice of e-procurement.
- Again, the responsibility lies on the hoteliers to take the proactive measures in helping suppliers embrace e-procurement in order that both buyer and supplier can reap the full benefits of e-procurement implementation.

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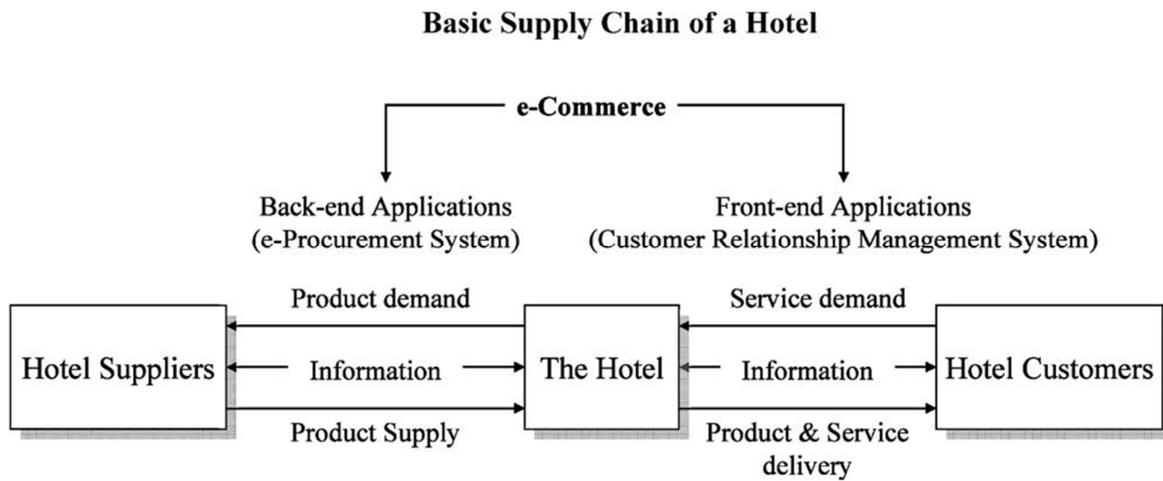


Fig.1.0: E-Procurement and CRM as e-Commerce tools for the hotel SCM. (Kothari et al. 2005: 24)

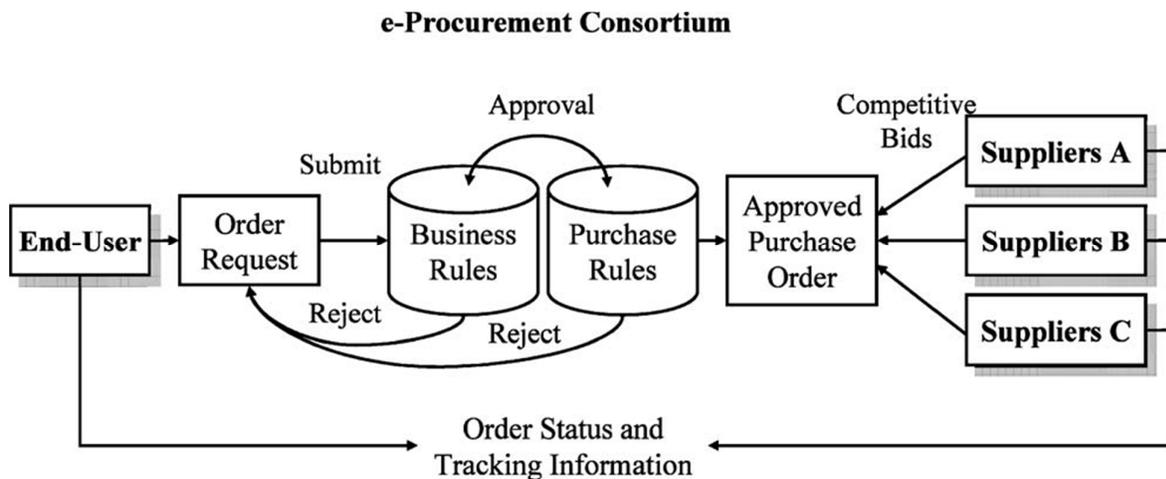


Fig. 2.0: Purchasing process in the e-procurement consortium (Kothari et al. 2004: 6)

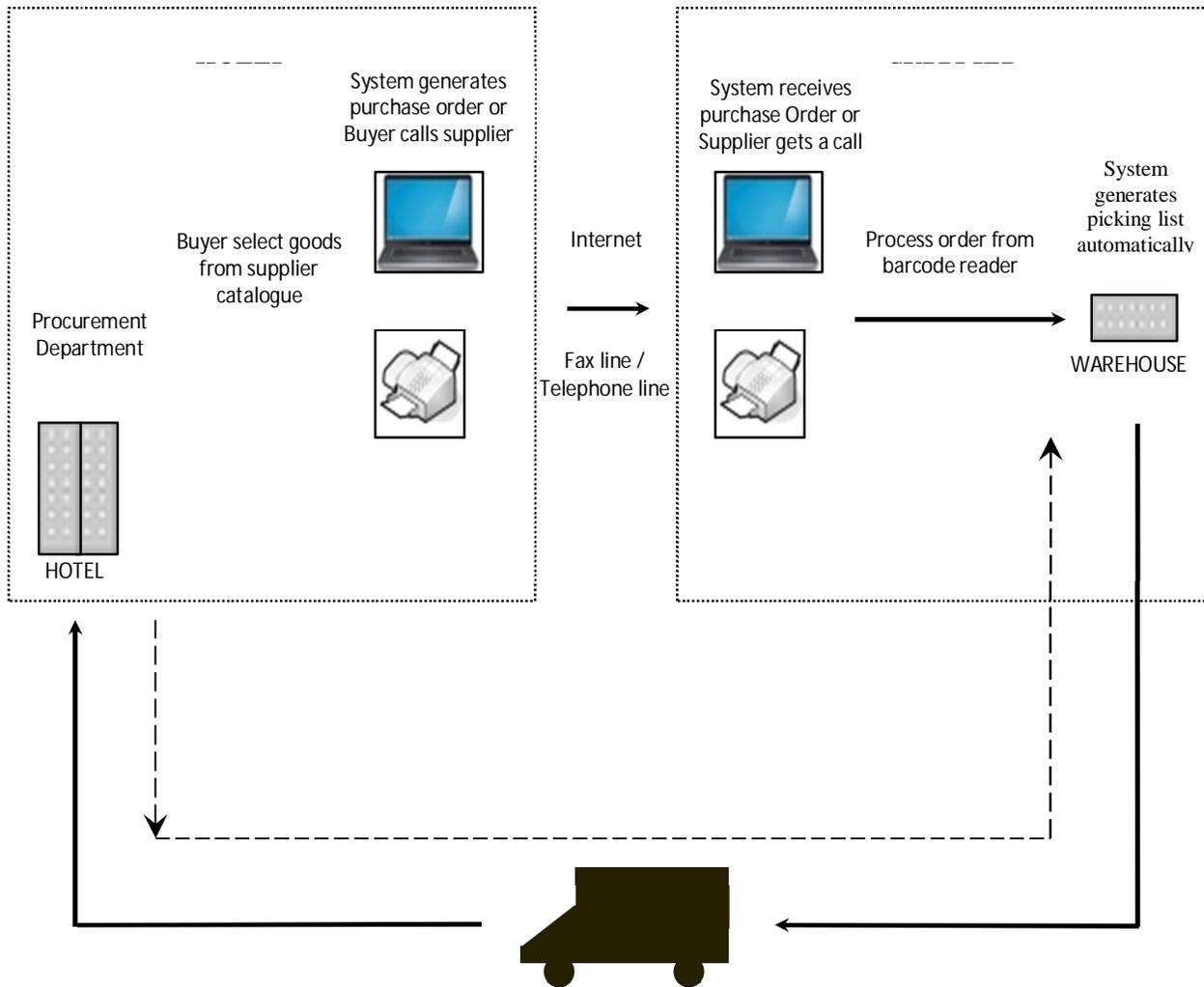


Fig. 3.0: A typical e-procurement system as defined for this work. (Chan et al. 2006)

Hotel name	Hotel star rating	Number of rooms
Golden Tulip Kumasi City	4 star	Between 151-250
Noda Hotel	3 star	Between 50-100
Treasure Land Hotel	2 star	Between 50-100
Hotel Georgia Limited	3 star	Between 50-100
Royal Basin	3 star	Less the 50
Sir Max Hotel	3 star	Less than 50
Sports Hotel	2 star	Less than 50
Mckeown Hotel	2 star	Less than 50
Crystal Rose Hotel	2 star	Less than 50
Sanbra Hotel	1 star	Less than 50
Maplewood Hotel	1 star	Less than 50

Table 3.0 Profile of Hotels

Variables	Frequency (n=11)*	Percentage (%)
Hotel's e-procurement system integrated in the suppliers procurement system		
Yes	6	27
No	5	23
Suppliers usage of electronics means to response to purchase order		
Yes but not all of them	9	41
None of them	2	9

*Eleven of the respondents did not respond to the question with four from the 1 star rating hotels (i.e. Sanbra and Maplewood hotels) (Source Irene Aikins, 2013)

3.1 Perception of hotels e-procurement system and suppliers' electronic mode of operation

Table 3.1: Respondents perception of e-procurement integration into suppliers' procurement system and suppliers' electronic mode of operation

Variables	Frequency (n=22)	Percentage (%)
1-2 years	2	9
2 -4 years	3	14
4years and above	8	36
Not using	9	41

(Source Irene Aikins, 2013)

3.2 Duration of using e-procurement and its benefits

Table 3.2: Respondents duration of using e-procurement

Variables	Frequency (n=22)	Percentage (%)
Beneficial	13	59
Not using it because of its disadvantages	9	41

(Source Irene Aikins, 2013)

Table 3.3: Benefits of using e-procurement

Variables	Frequency	Percentage (%)
The cost involved in implementing e-procurement (n=19)		
Buying and fixing of technical equipment	3	13
Consultation fees	1	5
Training of staff and recruitment of new staff	4	18
Combination of buying and fixing of technical equipment And consultation fees for service providers	1	5
Combination of buying and fixing of technical equipment, consultation fees for service providers and Training of new staff	1	5
Buying and fixing of technical equipment And training of staff	2	9
Buying and fixing of technical equipment, consultation Fees, training and recruitment of staff	2	9
Buying and fixing of technical equipment, consultation fees and training of staff	5	23
Challenges in incorporating e-procurement(n=21)		
Not challenging	6	27
Not certain	7	32
Probably challenging	5	23
Very challenging	3	13

Table 3.4 Hoteliers perceived costs and challenges of incorporating e-procurement in their organisational culture